

STATEMENT OF THE HONORABLE WM. LACY CLAY
Before
The Subcommittee on Capital Markets, Insurance, and Government Sponsored
Enterprises
“Stabilizing Insurance Markets for Coastal Consumers”
September 13, 2006

Good morning Chairman Baker, Ranking Member Kanjorski, Member of the Committee, and witnesses.

Mr. Chairman, I am concerned about the limitations of insurance policies and the payouts that are left for the government to make because of the shortfall in insurance coverage from the private sector. These shortfalls can be for various reasons: denial of claims, lack of coverage offered; no insurance coverage; to name a few.

I am especially concerned by the dismissal of claims by companies because of disagreements of whether the property was damaged by wind or water. We have catastrophic losses because of hurricane force winds and the accompanying rains and floods, yet, families have problems getting insurance settlements although they have insurance for these occurrences.

I am deeply concerned with the methods of reducing losses employed by the insurance industry. We have policies that are being issued that settle the water damage versus wind damage dispute by stating that if the property was damaged by both, the losses are not covered even if there was wind damage as well as flooding and even if the wind damage occurred prior to the flooding. However, I guess that I should feel better about this type of policy because families are told up front that they will be left up the creek.

Mr. Chairman, I ask unanimous consent to submit my statement to the record.